

House to Consider \$1.05 Trillion CR This Week



This week, the House will consider H.R. 1473, the FY 2011 Department of Defense and Full-Year Continuing Appropriations Act, which would wrap up the FY 2011 appropriations process. The previous Congress failed to enact a final spending plan for FY 2011. But the President’s FY 2011 budget proposed \$1.128 trillion for the discretionary portion of the budget, with \$478 billion of that amount for non-security spending. House Republicans, even before the current fiscal year had begun, countered with a proposal to spend \$100 billion less than this amount by returning non-security spending to FY 2008 levels (the total in effect prior to the Obama Administration). Key points about H.R. 1473:

➤ **Spending Levels:** The total spending level in H.R.

1473 is \$1.054 trillion. The bill being considered this week provides **\$422.9 billion** (compared to **\$378 billion** in FY 2008) for non-security spending and \$631.4 billion for security spending (compared to \$554 billion in FY 2008).

- **Savings Amount:** Overall, this is a **\$73.8 billion** reduction compared to the President’s FY 2011 budget: \$55.1 billion of this reduction is to non-security spending, \$18.7 billion is security spending. Compared to FY 2011, and counting the \$12 billion in savings attached to three previous continuing resolutions, the final spending reduction amounts to **\$35.5 billion**.
- However, the legislation is also **\$44.9 billion** above the original House Republican goal of returning non-security spending to FY 2008 levels.

Quote of the Week:

“The multiplication of public offices, increase of expense beyond income, growth and entailment of a public debt, are indications soliciting the employment of the pruning knife.”

-Thomas Jefferson, 1821

2011 CR by the Numbers

In billions					
Division	FY 08	FY 10	President’s Request	H.R. 1473	Savings from FY 10
Agriculture	18.1	23.3	23.1	20.0	-3.3
CJS	51.8	64.3	60.5	53.4	-10.9
Defense	459.3	508.1	530.9	513.0	4.9
Energy and Water	30.9	33.5	35.3	31.8	-1.7
Financial Services	20.6	24.2	25.3	22.0	-2.2
Homeland Security	34.9	42.5	43.6	41.8	-0.7
Interior	26.6	32.2	32.4	29.6	-2.6
Labor-HHS	144.8	163.7	170.6	157.7	-6.0
Legislative Branch	4.0	4.7	5.1	4.6	-.1
Military Construction-VA	60.2	76.6	76.0	76.6	----
State-Foreign Operations	32.8	48.8	56.6	48.3	-0.5
T-HUD	48.8	67.9	68.7	55.5	-12.4
Total Spending	932.8	1,089.8	1,128.1	1,054.3	-35.5

Some of the cuts in the bill are to spending that would never have occurred anyway. For example: the bill cuts \$350 million for an intended one-time dairy subsidy (enacted by Congress in 2009 to make up for low milk prices), cuts \$6.2 billion from the Census (which has just finished the previous decade’s Census), and cuts \$2.5 billion from highway funding that was not going to be spent anyway. The bill also gets \$4.8 billion of savings by tapping the Crime Victims Fund, which is made up of fines paid by criminals and forfeited bail bonds. The fund was created to compensate victims of crime.

The \$1.05 trillion spending level is the second highest spending level for the appropriations process in U.S. history (in nominal terms). This will be the third time in U.S. history the appropriations process will wrap up with a spending total in excess of \$1 trillion (others being 2009 and 2010).



Honest Solutions: House Conservatives Frame the Debate on Fiscal Prosperity

Last week, the Republican Study Committee released its [budget blueprint](#) for the coming fiscal year, echoing the restraint and leadership proposed in Budget Chairman Paul Ryan's 2012 budget plan. The RSC budget adopts many of the mandatory reforms proposed by Mr. Ryan, while focusing on rectifying the explosive discretionary growth of the past two years. The RSC budget further demonstrates the folly of policymakers who default to tax hikes to confront the country's fiscal maladies. Keeping the focus on spending, the RSC budget specifically:

- Eliminates \$9.1 trillion in spending over the next decade. The plan achieves some of these savings by cutting discretionary spending to pre-bailout, pre-"stimulus" levels, consistent with the GOP's Pledge to America made to taxpayers in the fall of 2010.
- Addresses government bloat by restraining spending – under the RSC budget, federal spending would increase by only 1.7 percent each year, the lowest of any rate offered in serious budget proposals this Congress. This stands in stark contrast to the President's plan, which would increase spending by almost 5 percent annually.
- Incorporates the RSC's Welfare Reform Act, the comprehensive reform plan that builds on the success of similar reforms in the 1990s. By block-granting many federal programs to the states and streamlining agency efforts, the RSC budget would save about \$500 billion over ten years.
- Builds on the formative work by the RSC's member caucuses such as the Sunset Caucus by identifying and eliminating duplicative and wasteful government agencies and programs, saving taxpayers \$243 billion.
- Repeals Obamacare, saving taxpayers almost \$700 billion in spending over the next ten years and eliminating over \$800 billion in [new taxes](#) imposed by the health care plan.
- Reforms Medicare, Medicaid and Social Security by building on the reforms offered by the Ryan budget such as allowing states to control and administrate their own Medicaid programs. Incremental changes to the Social Security program could save over \$56 billion, as estimated by CBO.

By cutting spending and reforming government, the RSC Budget refuses to punish taxpayers for the poor policy choices of spending advocates who have set the country on the path towards fiscal ruin. Following the introduction of the [House GOP Budget](#), and on the heels of a budget deal in which the White House championed spending cuts, the RSC Budget rightly frames the debate on diminishing the size of government to foster economic prosperity. The RSC FY2012 Budget shows leadership on fiscal solvency begins and ends with the debate on the size of government; Honest Solutions solidifies the pledge of fiscal fortitude espoused by House Republicans for the 112th Congress.



RSC Budget Balances the Budget through Spending Restraint

The Republican Study Committee (RSC) has released a 10-year budget blueprint that reins in federal spending, balances the budget, and modernizes the federal budget process. While President Obama's budget would bury the nation in \$9.5 trillion of additional debt over the next decade, the RSC would accumulate just \$1.8 trillion of debt over the next eight years before balancing the budget in 2020. And they accomplish this without raising taxes.

Much of the RSC budget builds on the bold plan offered by House Budget Committee Chairman Paul Ryan (R-WI). Both plans create a Medicare premium support system built on choice, competition, and transparency, thus averting program bankruptcy. Both turn Medicaid into block grants to the states. Both plans also repeal Obamacare, fund defense at the President's level, and support revenue-neutral tax reform that lowers tax rates and broadens the tax base.

The RSC plan goes beyond the Ryan plan in a few areas. The RSC plan implements Medicare premium support reforms sooner by providing an opt-in in 2017. It provides a smaller Medicaid block grant than the Ryan proposal, cuts more deeply into other mandatory spending like farm subsidies, and cuts domestic discretionary spending more sharply. The RSC would also gradually increase the Social Security eligibility age. Overall, the RSC would spend \$9 trillion less than is indicated by the Congressional Budget Office's 10-year baseline.

Like the Ryan plan, the RSC plan requires a two-thirds supermajority vote to bypass its budget rules. These reforms will provide a budget process more in line with America's budget priorities.

The RSC budget could be improved by addressing Social Security more aggressively. Also, capping the explosive growth of anti-poverty spending (such as the plan authored by Representative Jim Jordan [R-OH]) would help Washington design a more rational welfare system. The substantial proposed reductions in total domestic discretionary spending are impressive, but are otherwise difficult to assess without more details about where the cuts would fall.

Overall, the RSC budget provides yet another strong contrast to President Obama's timid budget of rising spending, soaring debt, and higher taxes. While the President's budget would continue running trillion-dollar deficits even during the (assumed) peace and prosperity at the end of this decade, the RSC proposal actually balances the budget. It reforms taxes and returns spending to pre-recession levels. Like the Ryan plan, the RSC budget starkly refutes those who claim that controlling deficits without tax increases is impossible or that rising government spending and deficits are inevitable.